

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM**  
**MEETING OF THE BOARD OF DIRECTORS**  
**MINUTES**  
**May 19, 2020**

**Present:**

Treasurer John McMillan, Chair  
Mr. Robert Bradley  
Ms. Patti Lambert  
Dr. Ken Tucker  
Mr. Tommy Dismukes  
Gen. Paul Hankins  
Mr. Jason Alderman  
Ms. Michelle Granberry  
Mr. Brian Harrison for Mr. Jimmy Baker  
Mr. Marc Green for Dr. David Bronner

**Absent:**

Rep. Bill Poole  
Dr. James Purcell  
Sen. Donnie Chesteen  
Mr. Kelly Butler  
Sen. Garlan Gudger

**Others present include:**

Ms. Daria Story, Assistant Treasurer  
Ms. Anita Kelley, Program Director  
Ms. Brittany Carter, External Affairs  
Mr. Dan Sherman, Sherman Actuarial Services  
Mr. George McCurdy, Regions Bank  
Mr. Robert Richardson, Regions Bank

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held on May 19, 2020. In accordance and compliance with Governor Ivey's first supplemental Statement of Emergency dated March 18, 2020, the meeting was held by video conference with access posted on the Secretary of State's meeting notice in order to allow the public to listen to, observe or participate in the meeting.

The meeting was called to order by Chair John McMillan at 11:00 a.m.

Roll was taken with a quorum present.

Chair McMillan presented the minutes of the February 18, 2020 board meeting. A motion for approval of the minutes as presented was made by Dr. Tucker, seconded by Mr. Bradley, with unanimous approval.

Chair McMillan asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the

budget for fiscal year 2020. She discussed tuition payments and stated the program paid out benefits in the amount of \$18.8 million to 4,291 students from 01/01/20 through 03/31/2020 and noted that the number of active accounts was 12,621. A transfer from the Education Trust Fund in the amount of \$15 million was received on 04/10/20. The report was received as informational.

Chair McMillan called on George McCurdy with Regions Bank to present the quarterly investment report. Mr. McCurdy gave an economic and financial market update. He discussed the characteristics of the portfolio versus the Index. He stated total returns for the portfolio were 2.12% for the quarter with a one-year rate of return of 4.43%. The report was received as informational.

Chair McMillan called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 03/31/20 was \$92,856,229 and noted the funded ratio was 124.6% compared to the 12/31/2019 ratio of 116.6%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. The report was received as informational.

Mr. Sherman presented and discussed two actuarial projections for increasing PACT benefit payments. He reviewed how each would affect the funded ratio and the cash flow in future years. He stated that the program, with the increase, would be actuarially sound. After thorough discussion of each scenario, Chair McMillan presented a proposed resolution for consideration to approve a 7% adjustment rate in PACT benefit payments payable for the Fall term. A motion to approve the resolution was made by Gen. Hankins, seconded by Dr. Tucker, with unanimous approval.

Chair McMillan called on Ms. Kelley to present information regarding a petition from a beneficiary requesting an extension be allowed on the account that will expire in August of this year. A summary was provided of the petition. Discussion ensued regarding the request. Due to the extraordinary nature of the situation, A motion to extend the term of the contract for one year was made by Mr. Alderman, seconded by Dr. Tucker with unanimous approval. The contract may be reviewed in one year if additional information is provided.

There being no further business to be discussed, a motion to adjourn was made by Chair McMillan, seconded by Mr. Bradley, with unanimous approval. The meeting adjourned at 11:48 a.m.

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Anita Kelley, Director

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John McMillan, Chair